

Message Text

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12

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3835

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY PRETORIA

AMEMBASSY REYKJAVIK

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SUBJECT: INTERNATIONAL WHALING COMMISSION: JAPANESE WHALING
INDUSTRY PLANNING TO CONSOLIDATE WHALING OPERATIONS

REF.: TOKYO 8862 (NOTAL)

PASS DR. ROBERT WHITE, ADMINISTRATOR, NOAA

SUMMARY: JAPANESE WHALING COMPANIES ARE STUDYING PLANS TO
CONSOLIDATE THEIR WHALING OPERATIONS AND FORM ONE NEW
SINGLE WHALING COMPANY. THIS STEP BEING TAKEN SINCE RECENT
TRENDS IN INTERNATIONAL WHALING SITUATION WILL SOON MAKE IT
ECONOMICALLY DIFFICULT FOR COMPANIES TO CONDUCT SEPARATE,
INDEPENDENT WHALING OPERATIONS AS IN PAST. HOWEVER,
FORMATION OF SUCH A COMPANY EXPECTED TO TAKE SOME TIME DUE
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TO LEGAL AND TECHNICAL PROBLEMS INVOLVED IN MERGING THREE

SEPARATE COMPORATE STRUCTURES INTO ONE NEW ENTERPRISE.
END SUMMARY.

1. JAPAN'S MOST PRESTIGIOUS ECONOMIC JOURNAL, NIHON KEIZAI SHIMBUN (JAPAN ECONOMIC JOURNAL), IN AUGUST 2 ISSUE FEATURED HEADLINE ARTICLE QUOTE NEW JOINT WHALING CORPORATION TO BE SET UP BY GOVERNMENT AND INDUSTRY END QUOTE. ARTICLE CLAIMED GOJ AND THREE WHALING COMPANIES (TAIYO, NIPPON SUISAN AND KYOKUYO) HAD REACHED BASIC AGREEMENT ON ESTABLISHING IN MAY 1975 A SPECIAL CORPORATION SINCE STRENGTHENED WHALING REGULATIONS ADOPTED BY INTERNATIONAL WHALING COMMISSION(IWC) MADE CONTINUANCE OF COMMERCIAL OPERATIONS IN PRESENT FORM ECONOMICALLY DIFFICULT. ARTICLE STATED CORPORATION WOULD BE CAPITALIZED AT 20 BILLION YEN(ABOUT \$69 MILLION), OF WHICH 50 PERCENT WOULD BE FINANCED BY GOVERNMENT AND COMPANY CONTRIBUTIONS WOULD BE IN FORM OF VESSELS AND OTHER PHYSICAL ASSETS. ARTICLE CLAIMED THAT GOJ WOULD DEVELOP CONCRETE PLANS AND THAT BILL PROPOSING ESTABLISHMENT OF CORPORATION WOULD BE SUBMITTED TO NEXT SESSION OF DIET.

2. FISHERIES TRADE PAPERS SUISAN KEIZAI SHIMBUN, AUGUST 7, AND SUISAN TSUSHIN, AUGUST 8, REPORTED THREE WHALING COMPANIES WERE STUDYING PLANS TO REORGANIZE AND CONSOLIDATE THEIR WHALING OPERATIONS AT URGING OF FISHERIES AGENCY DIRECTOR-GENERAL UCHIMURA SINCE IT WOULD BE MOST DIFFICULT FOR COMPANIES TO CONTINUE TO OPERATE INDEPENDENTLY AND ECONOMICALLY IN FUTURE DUE TO REDUCTIONS IN WHALE CATCH QUOTAS AND TO ADOPTION BY IWC AUSTRALIAN PROPOSAL ON SELECTIVE MORATORIUM AND ITS SIGNIFICANCE ON FIN WHALE FISHERY. ARTICLES STATED COMPANIES CONSIDERED TWO PROPOSALS IN MEETING INVOLVING PRESIDENTS OF THREE COMPANIES, DIRECTOR-GENERAL UCHIMURA, AND IWAO FUJITA, JAPANESE COMMISSIONER TO IWC. THEY WERE: (1) FORMING A SPECIAL CORPORATION WITH GOVERNMENT FINANCIAL ASSISTANCE, AND (2) ESTABLISHING A NEW, SINGLE PRIVATE WHALING COMPANY BY MERGING WHALING OPERATIONS OF THREE COMPANIES.

3. SUISAN TSUSHIN CLAIMED PROPOSAL TO FORM CORPORATIN HAS BEEN RULED OUT SINCE THAT WOULD REQUIRE DIET APPROVAL AND OPPOSITION POLITICAL PARTIES EXPECTED TO
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STRONGLY OPPOSE PROPOSAL OR INSIST ON STATE CONTROL. PAPER CLAIMED COMPANIES, AS WELL AS DIRECTOR-GENERAL UCHIMURA AND COMMISSIONER FUJITA, FAVORED PLAN TO ESTABLISH PRIVATE COMPANY. HOWEVER, THERE ARE MANY PRACTICAL PROBLEMS WHICH WOULD FIRST HAVE TO BE RESOLVED. ONE WOULD BE WHETHER FORMATION OF SUCH AN ENTERPRISE WOULD VIOLATE ANTIMONOPOLY ACT. ANOTHER WOULD BE EVALUATING TRUE WORTH OF EACH COMPANY'S WHALING OPERATIONS. BECAUSE

OF SUCH PROBLEMS, BOTH PAPERS CLAIMED IT WILL PROBABLY TAKE
SOME TIME BEFORE THREE COMPANIES CAN REACH AGREEMENT IN
CONSOLIDATING AND MERGING THEIR WHALING OPERATIONS INTO
ONE NEW ENTITY.

4. REGFISHATT CONTACTED FONOFF AND FISHERIES AGENCY CON-
CERNING PRESS ARTICLES. BOTH AGENCIES CLAIMED NIHON
KEIZAI SHIMBUN ARTICLE TO BE NOTHING MORE THAN SPECULATION
AND THAT COVERAGE BY FISHERIES TRADE PAPERS MORE ACCURATELY
REFLECTED ACTUAL STATE OF DEVELOPMENTS.
HODGSON

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